

ASSEMBLY BILL

No. 1297

Introduced by Assembly Member Frommer

February 21, 2003

An act to add Sections 1727.5 and 1732.5 to the Insurance Code, relating to insurance brokers.

LEGISLATIVE COUNSEL'S DIGEST

AB 1297, as introduced, Frommer. Insurance: brokers.

Existing law generally regulates the licensing and conduct of insurance brokers, as defined.

This bill would require that insurance brokers maintain errors and omissions liability insurance covering the broker's transactions, in an amount no less than \$250,000.

Existing law distinguishes insurance agents from insurance brokers, and subjects them to different requirements and standards, as specified.

This bill would provide that neither the granting of binding authority by an insurer to a broker nor the access of the broker to the insurer's rates and forms shall constitute evidence that the broker is acting as an agent and not as a broker in the placement of insurance coverage.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1727.5 is added to the Insurance Code,
2 to read:
3 1727.5. Every licensee acting as an insurance broker shall
4 maintain errors and omissions liability insurance covering

1 transactions of the licensee, in an amount no less than two hundred
2 fifty thousand dollars (\$250,000).

3 SEC. 2. Section 1732.5 is added to the Insurance Code, to
4 read:

5 1732.5. Neither the granting of binding authority by an
6 insurer to a broker nor the access of the broker to the insurer's rates
7 and forms shall constitute evidence that the broker is acting as an
8 agent and not as a broker in the placement of insurance coverage.

